Excise Duty relief to industries

*203. SHRI B. SATYANARAYAN REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether there is any proposal under Government's consideration to grant excise duty relief to those industries which make a categorical commitment to the effect that the entire benefit arising out of such concessions would be passed on to the consumer in the form of reduction in prices of goods produced by them; and

(b) if so, what are the details thereof?

THE MINISTER OF FINANCE (SHRI VISHWANATH PRATAP SINGH): (a) No, Sir.

(b) In view of (a) above, does not arise.

SHRI B. SATYANARAYAN REDDY: In reply to my question, the Finance Minister has said that there is no such proposal. I would like to know, if any industry makes such a proposal for exemption or giving concession to the excise duty and giving an undertaking that they will pass on the benefits to the consumers, will the Government consider this? I would also like to know if any industry in this country has made such a categorical proposal to the Government of India, if so, what is the reaction of the Government?

SHRI VISHWANATH PRATAP SINGH: Sir, we have no such proposal from any industry assuring us that if excise duty reduction is made, they will pass on the benefit to the consumers.

Coming to the question whether the Government as a policy would make excise reduction if any industry comes forward with a proposal I think we have no such policy.

MR. CHAIRMAN: It is a hypothetical question.

SHRI B. SATYANARAYAN REDDY: I will give a concrete example. The tyre industry has made a categorical offer.

MR. CHAIRMAN: Mr. Reddy, please hear me. The Minister has categorically stated that he had not received any such proposal. Therefore there is no point in...

SHRI B. SATYANARAYAN REDDY: I would like to know whether any such proposal has been made by the tyre industry. Has Government of India received any such representation or memorandum from the tyre industry, offering to pass on the concession to the consumer?

SHRI VISHWANATH PRATAP SINGH: Sir, our experience with the tyre industry in the past was that once we reduced the excise duty and they raised the price. Sir, we have no such proposal from the tyre industry.

SHRI NIRMAL CHATTERJEE: Sir, I would put it in the reverse manner. Is there a single example when excise duty has been imposed or increased but it has not been passed on to the consumer?

MR. CHAIRMAN: You mean excise duty has been reduced.

SHRI NIRMAL CHATTERJEE: Sir, I am putting it not in your way but in my own way.

MR. CHAIRMAN: But your way does does not make any sense.

SHRI NIRMAL CHATTERJEE: Sir, you learnt your economics when India was not free and the Americans had not come on the scene. I have learnt it a little later.

My question is, excise duty is sometimes imposed to cut into the profits of an industry so that it will mean that the prices may not increase or may not increase to the extent of the impact of the excise duty. Now has it ever occurred—a similar phenomenon

—that the excise duty has been imposed and the rise has not been passed on to the consumer? That is what I want to know.

SHRI VISHWANATH PRATAP SINGH: Sir, it covers a very wide spectrum; so I will have to check on it before I can answer this question.

SHRI VITHALBHAI MOTIRAM PATEL: Sir, the cement industry is facing a crisis and the Cement Manufacturers' Association has requested the Government to reduce excise duty. Is there any proposal to reduce excise duty on cement?

MR. CHAIRMAN: No, no, have they said that if you reduce excise duty, they will pass it on to the consumer?

SHRI VITHALBHAI MOTIRAM PATEL: Yes, they say so.

MR. CHAIRMAN: Then only it could be relevant. The Minister has already said that no such proposal has come. Next question.

Purchasing power of rupee

*204. SHRI KRISHNA KUMAR BIRLA: Will the Minister of FINANCE be pleased to state:

(a) what is the percentage of decline in the purchasing power of rupee at the end of July, 1986 and what is the percentage of inflation as compared with the corresponding period in 1984 and 1985;

(b) whether with the rise in the percentage of inflation and continuous decline in the rupee purchasing power Government propose to devalue the rupee; and

(c) what measures have been taken by Government to contain the rate of inflation and to stop the decline in the purchasing power of rupee?

THE MINISTER OF FINANCE (SHRI VISHWANATH PRATAP SINGH): (a) to (c) A Statement is laid on the Table of the House.

Statement

(a)

	Purchasing Power of rupee (1960—100)		Annual Inflation Rate	
	In paise	Percentage decline	Wholesale Price Index (1970-71 =100)	Consumer Price Index for Industrial Workers (1960 =100)
July 1984	17.09	—7.5	9.6	8.1
July 1985	16.26	—4.9	5.7	5·1
July 1986	14.97	—7·9	4.4	8·6

(b) No such proposal is under consideration.

(c) The thrust of the Government's anti-inflationary policy continues to be on effective demand and supply management including strengthening of public distribution system, regulated releases of sugar and edible oils, enforcement of discipline and mopping up of excess liquidity in the system. The Central Government has advised the State Governments to take strict action against traders indulging in profiteering, hoarding and black-marketing.